

**DEPARTMENT OF STATE REVENUE**

**LETTER OF FINDINGS NUMBER: 98-0276**

**Individual Income Tax**

Calendar Years 1995, 1996, and 1997

NOTICE: Under IC 4-22-7-7, this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE(S)**

**I. Adjusted Gross Income – Best Information Available**

**Authority: IC 6-8.1-5-1;**

Taxpayer protests the assessment based upon best information available.

**STATEMENT OF FACTS**

Taxpayer is an individual on social security disability and runs two businesses in sole proprietorship. Taxpayer has no W-2's from GTR where she worked four months in 1996, no bank statements, no cancelled checks, no sources of bank deposits, no purchase agreement or sales contract on its mobile home, and no invoices nor receipts for personal living expenses.

In the audit, the auditor states that Cost of Goods Sold is three times that of sales. Documented also are several requests for information to verify how personal living expenses were paid when no monies was shown as incoming. A review of taxpayer's IT-40 for 1996 indicates a negative income on line one.

At hearing, taxpayer states her parents gave her money, which is additional proof that her income is overstated on audit. The hearing officer asked the taxpayer to present copies of those checks and a statement from her parents stating they were supporting her and allowed ninety days to provide the proof.

**I. Adjusted Gross Income – Best Information Available**

### **DISCUSSION**

Taxpayer protests the assessment and states her parents gave her money and the assessment is in error. Taxpayer did not provide proof that the assessment is in error at hearing on August 18, 1999 nor to date of this letter of findings.

Audit utilized best information available; i.e. monthly figures from the mortgage company for the mortgage payment, taxes and insurance. Amounts for utilities, vehicle loan payments, and maintenance were obtained from the Internal Revenue Service Collection Standards for the county in which the taxpayer resided, and the remaining figures were obtained from the Bureau of Labor Statistics and confirmed by Accura Statistics compiled by the Chamber of Commerce.

Taxpayer failed to provide proof that the assessment is in error.

### **FINDING**

Taxpayer's protest is denied.